

August 8, 2011

VIA ELECTRONIC FILING

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: WC Docket No. 11-42 - Lifeline and Link Up Reform and Modernization
CC Docket No. 96-45 - Federal-State Joint Board on Universal Service
WC Docket No. 03-109 - Lifeline and Link Up
NOTICE OF EX PARTE PRESENTATION

Dear Ms. Dortch:

This letter is submitted on behalf of TracFone Wireless, Inc. As the Commission continues to consider the issues and proposed rule changes in the Lifeline Reform and Modernization proceeding, it is important that the Commission and its staff remain focused on the record before it and on the critical public interest issues surrounding proposals to reform the low income program of the Universal Service Fund. The Commission should not be distracted by stories which appear on electronic and print media outlets which misreport or distort information about the Universal Service Fund and the Lifeline program or which use such information (often inaccurate) to advance political agendas.

Attached to this letter are links to video clips shown recently by the [Fox News Channel](#) and by [CNN](#) regarding the Lifeline program in general and the wireless Lifeline offerings of several wireless Eligible Telecommunications Carriers in particular. In the Fox video clip, Fox reporter Megyn Kelly interviewed a tax attorney and a spokesman for Virgin Mobile's Assurance Wireless. It was alleged during the segment that the Universal Service Fund is supporting the cost of free wireless handsets provided to qualified low income persons enrolled in Lifeline. This assertion if, of course, categorically false. The Universal Service Fund supports Lifeline benefits in the form of discounts on certain post-paid telecommunications services and, in the case of several wireless ETCs, including TracFone Wireless, Inc., specified quantities of free minutes of use. Although some ETCs, including TracFone, provide their Lifeline customers with wireless handsets at no charge to the consumer, those devices are funded entirely by those ETCs, not by the Universal Service Fund or by consumers of services provided by carriers who contributed to the Universal Service Fund. In the CNN clip, Jack Cafferty reports on free cell phones for the poor, paid for by other consumers and suggests that the program is wasteful and unnecessary.

The suggestion in these and other recently reported news stories that wireless Lifeline programs such as TracFone's SafeLink Wireless® program are the creation of the current Presidential administration or of any political administration is incorrect. The Commission's first Lifeline rules were promulgated in 1987 under the leadership of then-Chairman Dennis

Patrick, appointed by President Ronald Reagan. Universal Service was codified into law as part of the Telecommunications Act of 1996 -- an act passed by a Republican-controlled Congress and signed into law by Democratic President Bill Clinton. TracFone became the first wireless carrier to be designated as an ETC without providing service, at least in part, over its own facilities. That occurred in 2008 and could not have occurred without the Commission first having exercised its authority to forbear from application or enforcement of Section 214(e)(1)(A) of the Communications Act. Both the 2005 forbearance order and the 2008 order designating TracFone as an ETC occurred during the Chairmanship of Republican Kevin Martin. Few, if any, federal programs have received more non-partisan support than has the Lifeline program.

What these media reports ignore is that the Commission's Lifeline program has provided telecommunications assistance for low-income households for more than two decades. All that has changed is that Lifeline-supported service no longer is limited to wireline telephone service. The advent of wireless technology and the entrepreneurship and creativity of companies like TracFone and others have led to the availability of wireless Lifeline options for those low-income households who prefer the security and convenience of wireless service. Those options include Lifeline benefits in the form of specified quantities of free service rather than discounts on billed service amounts. Moreover, under the Commission's rules governing Universal Service Fund support amounts, wireless ETCs receive the same amount of monthly support as wireline ETCs -- typically about \$10.00 per enrolled customer per month (see 47 C.F.R. § 54.403) -- a fact ignored by Fox, CNN and other media outlets who have done reports on wireless Lifeline services.

We realize that the Commission cannot and should not attempt to control what and how news media outlets report news or whose opinions are expressed on such news and information programming. However, in considering the important public interest questions before the Commission in the Lifeline Reform and Modernization proceeding, TracFone respectfully urges the Commission to focus on the record before it and not to be distracted by news reports and opinions expressed on various media outlets.

Pursuant to Section 1.1206(b) of the Commission's Rules, this letter is being filed electronically. If there are questions, please communicate with undersigned counsel.

Respectfully submitted,



Mitchell F. Brecher

enclosures

cc: Mr. Zachary Katz
Ms. Sharon Gillett
Mr. Trent Harkrader
Ms. Kimberly Scardino
Ms. Jamie Susskind
Ms. Cindy Spiers

ATTACHMENT

Fox News Channel video clip:

http://www.foxnews.com/on-air/america-live/index.html#/v/1092711805001/cell-phone-a-civil-right/?playlist_id=87651

CNN video clip:

<http://www.youtube.com/watch?v=mpU5OBvAp60>